

INSTRUCTIONS FOR COMPLETING THE COAL IMPACT GRANT PRE-APPLICATION FORM

CERTIFICATION

The chief elected official or executive officer of the applicant must sign the application certifying that to the best of the official's knowledge and belief, the information provided in the application and the attached documents is true and correct.

The chief elected official or executive officer of the applicant must also certify that, in accordance with Section 90-6-205, MCA, the applicant is eligible for a Coal Impact Grant and has the authority to administer and make expenditures to provide for the proposed government service or facility.

SUMMARY INFORMATION

1. **NAME OF APPLICANT(S)**: Enter the name(s) of the entity submitting the application.
2. **TYPE OF ENTITY**: Enter the type of entity. Applicants eligible to receive financial assistance under state law include local governmental units (cities, towns, counties, school districts, water and sewer districts, etc.), state agencies, and governing bodies of federally recognized Indian tribes.
 - A. The governing body of a city, town, county, or school district, any other local or state governmental unit or agency, or the governing body of a federally recognized Indian tribe may apply for a grant to enable it to provide governmental services that are needed as a direct consequence of an increase or decrease of coal development or of an increase or decrease in the consumption of coal by a coal-using energy complex. (90-6-208, MCA)
 - B. Under 90-6-209, MCA, a grant to an Indian tribe may not be approved by the Coal Board unless:
 - (a) *the governing body of the tribe has agreed:*
 - (i) *to waive its immunity from suit on any issue specifically arising from the transaction of a grant obtained under this part; and*
 - (ii) *to the adjudication of any dispute arising out of the grant transaction in the district court of the first judicial district of the State of Montana; and*
 - (b) *approval of the transaction has been obtained from the Secretary of the United States Department of the Interior whenever approval is necessary.*
3. **FEDERAL ID NUMBER**: Enter the nine-digit Federal ID number for the entity.
4. **TYPE OF PROJECT**: Enter the type of public facility project or service, such as water, wastewater, solid waste, First Responder equipment purchase, public building/school/hospital repair or expansion, road repair, planning studies, or other (specify).

5. SENATE AND HOUSE DISTRICTS: Enter the senate and house district numbers that the entity is located within.
6. AMOUNT OF COAL IMPACT GRANT REQUESTED: \$ _____
7. NAME OF PROJECT: (e.g., Sand Pit Road Reconstruction Project)
8. POPULATION SERVED BY PROJECT: Enter the number of people that reside within the area served by the project.
9. NUMBER OF HOUSEHOLDS SERVED BY PROJECT: Enter the number of households within the area served by the project.
10. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE: Enter the name and title of the chief elected official or authorized representative of the applicant. Enter the mailing address, business telephone, e-mail address, and FAX number for the applicant.
11. PRIMARY ENTITY CONTACT PERSON: Provide the name, mailing address, business telephone, e-mail address, and FAX number of the person within the community designated as the primary contact person for the project. This person should be knowledgeable about the project and be authorized to speak on behalf of the applicant regarding the application.
12. OTHER CONTACT PERSONS: If applicable and available, provide the name, mailing address, business telephone, FAX number, and e-mail address of any other appropriate contacts (e.g., Public Works Superintendent, project engineer, grant/loan administrator, legal counsel, bond counsel, clerk/chief financial officer, accountant, etc.)
13. MILLAGE RATES: Provide the current fiscal year millage rates and those of the 3 years immediately preceding the year of application.
14. BRIEF PROJECT SUMMARY: The project summary should briefly provide some historical information including: the age of the system, facility, equipment, building; the date, type and cost of the last major improvements to the system, facility, equipment, building; and whether there are any state administrative orders or other similar requirements to fix or modify the system, facility, equipment, building. The project summary should also clearly state the specific problem(s) with the public facility and how the proposed project will solve the problem(s). The project summary should be brief and concise.

Applications for Coal Impact assistance for public services or programs such as community planning, economic development, etc. should provide similar background information regarding the problem and proposed solution.

EXAMPLE OF A COMPLETED PROJECT SUMMARY

Historical Information - The Town's water system was built in 1943. The last major improvements were in 1976, when the water treatment plant was built at a cost of \$750,000. The Montana Department of Environmental Quality issued an administrative order in May of 1996 to replace distribution lines and issued a boil order for ten days in June of 1996. In addition to the potential of the Town's drinking water becoming contaminated, these deficiencies listed below result in low water pressures, thereby creating a fire flow problem.

Problem - The Town's water system has the following deficiencies:

- undersized distribution lines;
- leaking distribution lines;
- dead-end distribution lines;
- limited well production; and
- no water meters.

Proposed Solution - The proposed project would:

- replace approximately 6,000 feet of existing distribution lines with eight inch lines,
- drill a new high volume well,
- install a meter on the original well, and install approximately 173 meters for all users.

ELIGIBLE PROJECTS

Eligible projects include *"governmental services and facilities that are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex"*. (90-6-205, (4) (a), MCA).

ELIGIBLE APPLICANTS

Eligible applicants include *"local governmental units, state agencies, and governing bodies of federally recognized Indian tribes"*. (90-6-205, MCA)

CRITERIA FOR AWARD OF COAL IMPACT GRANTS

In accordance with current statute: 90-6-206. *Basis for awarding grants.*

(1) *Grants must be awarded on the basis of:*

- (a) *need;*
- (b) *degree of severity of impact from an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex;*
- (c) *availability of funds; and*
- (d) *degree of local effort in meeting these needs.*

(2) *In determining the degree of local effort, the board shall review the millage rates levied for the present fiscal year in relation to the average millage rates levied during the 3 years immediately preceding the year of application for assistance.*

(3) *Millage rates for the present fiscal year that are lower than the average millage rate levied during the 3 years immediately preceding the year of application for assistance must be considered by the board to indicate the lack of local effort. The application under these circumstances may be rejected.*

(4) Further, in determining the degree of local effort, the board shall consider the possibility of requiring that local governmental unit to increase its bonded indebtedness to provide all or part of the governmental service or facility that is needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex.

(5) To the extent that funds are needed to evaluate and plan for the impact needs caused by the increase or decrease in coal development or in the consumption of coal by a coal-using energy complex, consideration of bond issues and millage levies may be waived.

(6) To the extent that the applicant has no history of mill levies, subsections (2) and (3) do not apply.

Please describe the relationship of the proposed coal impact project to each of the four Coal Board statutory criteria by responding to the applicable questions below.

A. Need

1. Does a serious deficiency exist in a basic or necessary community public facility or service, such as emergency services including police, fire department or ambulance services or have serious public health or safety problems attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards? Is the problem existing and long term, as opposed to occasional and sporadic? (Describe the nature and frequency of occurrence and provide supporting documentation.)

2. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, safety problems, hazards, or health risks?

3. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency or at risk, as opposed to a small percentage of the residents? *(Describe the number or percentage of community residents affected by the problem.)*

4. Is there clear documentation that the current condition of the public facility or service (or lack of a facility or service) violates, or may potentially violate, a state or federal health or safety standard *(If yes, describe the standard being violated.)*? If the proposed project is necessary to comply with a court order or a state or federal agency directive, describe the directive and attach a copy of it.

5. Does the standard that is being violated or potentially may be violated represent a significant threat or potential threat to public health or safety?

B. Degree Of Severity Of Impact From An Increase Or Decrease In Coal Development Or In The Consumption Of Coal By A Coal-Using Energy Complex.

1. Explain why the proposed project or governmental services or facilities *“are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex”* (90-6-205, (4) (a), MCA).
2. What proportion or percentage of the need for the expansion or improvement to the public facility or public service is attributable to coal-related impacts? Responses might include:
 - the road maintenance and other maintenance impacts from coal hauling (rail and truck);
 - operational impacts on emergency services (police, fire department, and ambulance services);
 - impacts and services needed by local coal industry retirees and aging employees;
 - the percentage of the households served by the public facility or service that include persons directly employed by a coal mine or coal-using energy facility or directly-related employment;
 - the percentage of the users of the public facility or public service that are households in which one or more members are directly employed by a coal mine or coal-using energy facility or directly-related employment
3. Why does your community qualify for coal impact assistance and how has an increase or decrease in coal development impacted your community?
4. What is the closest coal development area or closest coal-using energy complex to your community and how many miles away is it?

C. Availability Of Funds

1. Amount requested from the Coal Board: \$_____
2. Explain why a coal impact grant is necessary to make the project feasible and affordable.
3. What are the other proposed funding sources for the project? By modifying the example of a completed proposed funding sources summary on page 7, list all sources of funds that you intend to use to finance the proposed project (e.g., federal and state grant or loan programs, bank loans, bonds, cash reserves, etc.). Do not provide an amount that combines both the loan and grant. If both a loan and grant will be obtained from the same source, they must be listed separately. The sources of funds listed should equal the estimated total project cost. The following box provides state and federal funding program abbreviations that can be used when listing the proposed funding sources:

**ABBREVIATIONS OF STATE AND FEDERAL
FUNDING PROGRAMS**

CDBG - Community Development Block Grant Program
EDA - Economic Development Administration
INTERCAP - Board of Investments
USDA/RD - Rural Development
RRGL - Renewable Resource Grant and Loan Program
SRF - State Revolving Fund Loan Programs
TSEP - Treasure State Endowment Program

For each source of funding listed, indicate the **type** (grant, loan, cash, in-kind contribution, or other) and **amount** of funds. If applying for a loan/grant combination, indicate whether the funding source has tentatively agreed to the amounts requested. Also indicate the **status of the commitment** of those funds to the project at the time of writing this application using one of the following choices:

- a. **No Contact** - No contact has yet been made with the funding source;
- b. **Discussed/Not Applied** - Project has been discussed with the funding source, but no application has been submitted. Briefly describe the discussion with the funding source and the likelihood of obtaining the funds;
- c. **Application Submitted** - An application has been submitted, but funding has not yet been awarded. Briefly describe status of application; or
- d. **Funds Committed (date)** - Funds have been committed by the funding source. Attach a copy of the commitment letter or other documentation verifying the commitment of funds.

Finally, if funds are to be borrowed, state the **loan rate and terms** likely to be required by the lender or bond underwriters (for example, interest rate, number of years to repay loan, and coverage and reserve requirements). Indicate whether the funding source has agreed or tentatively agreed to the terms.

EXAMPLE OF A COMPLETED PROPOSED FUNDING SOURCES SUMMARY

Source	Type of Fund	Amount	Status of Commitment	Loan Rates and Terms
CDBG	Grant	\$400,000	Discussed with CDBG program. Application will be submitted in May of 2004.	
TSEP	Grant	\$500,000	Application submitted May of 2004. Funding will be determined by the 2005 Legislature.	
RRGL	Grant	\$100,000	Funds committed by 2003 Legislature, see attached commitment letter.	
RD	Loan	\$1,200,000	Discussed with Mitch Copp in March, 2004. Tentatively agreed to the loan/grant amounts and terms, with final amounts to be determined when funds become available for this project in October of 2004.	4 1/2%, 40 years, 110% reserve requirement. <i>(This is an example only; terms and rates may differ depending on the project and applicant.)</i>
COAL BOARD	Grant	\$100,000	Pre-application submitted March 2005.	
TOTAL PROJECT COST		\$2,300,000		

4. What other sources of funds from public and private sources have been considered for this project, but not proposed? Explain why they are not being pursued or used for this project. *(Any public or private funding source not listed as a proposed funding source should be discussed. For each funding source, explain the reason it is not being pursued or used, for example: not eligible for the program, applied for funding but denied, not appropriate for the type of project, etc.)*

EXAMPLE OF A COMPLETED CURRENT DEBT SUMMARY

Year Issued	Purpose	Type of Bond/ Security	Amount	Maturity Date (mo/yr)	Debt Holder	Coverage Requirement	Annual Payment Amount	Outstanding Balance
1991	Water System	Revenue Bond	\$2,500,000	8/2031	FmHA	110%	\$150,716	\$2,368,526
1982	Sewer System	Revenue Bond	\$500,000	6/2002	D.A. Davidson	125%	\$36,790	\$164,177

D. Degree of Local Effort In Meeting Needs

90-6-206, MCA

(2) In determining the degree of local effort, the board shall review the millage rates levied for the present fiscal year in relation to the average millage rates levied during the 3 years immediately preceding the year of application for assistance.

(3) Millage rates for the present fiscal year that are lower than the average millage rate levied during the 3 years immediately preceding the year of application for assistance must be considered by the board to indicate the lack of local effort. The application under these circumstances may be rejected.

(4) Further, in determining the degree of local effort, the board shall consider the possibility of requiring that local governmental unit to increase its bonded indebtedness to provide all or part of the governmental service or facility that is needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex.

(5) To the extent funds are needed to evaluate and plan for the impact needs caused by the increase or decrease in coal development or in the consumption of coal by a coal-using energy complex, consideration of bond issues and millage levies may be waived.

(6) To the extent the applicant has no history of mill levies, subsections (2) and (3) do not apply.

Some of the following questions may not apply to your project (e.g. question 5). If that is the case, indicate "Not Applicable" on the application.

1. If current millage rates are lower than the average rates levied during the previous three years, briefly explain why they are lower.
2. Describe any local efforts to meet the public facility or public service needs by providing financial contributions to the project to the extent possible, such as:
 - (a) efforts at investigating all reasonable alternate and supplemental funding sources from other federal, state, local government or non-profit organization programs
 - (b) local funding, donations of land, absorbing some or all administrative costs, additional direct financial contributions or other in-kind assistance to the proposed project
3. Describe past operation and maintenance budgets and practices over the long-term, including any reserves for repair and replacement.
4. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, explain the circumstances and describe the actions that management will take in the future to assure that the problem will not reoccur.
5. Provide the current and projected monthly household user charges, including operation and maintenance, for water, wastewater, and solid waste projects.
 - a. What is the current monthly household user charge?
 - b. What is the projected user charge (including operation and maintenance) when the project is complete? \$ _____

6. What are your current debt obligations? (*List current debt obligations. If the applicant is a water, wastewater, solid waste, or other "enterprise" type system, which relies on rates and charges for its financial support, only debt related to that system need be entered. If the applicant is a city, county, or district that relies on general taxing authority for its financial support, or is a not-for-profit organization, debt related to the general obligations of the city, county, district, or not-for-profit organization should be entered.*)

7. What is the level of local financial participation in the project and is that level the maximum that the applicant can reasonably provide? (*discuss the use of cash reserves, and, for water and wastewater projects, discuss your projected monthly user fees given your proposed level of local financial participation. Include supporting information such as financial statements and, if applicable, target rate analysis.*)

E. Planning & Management

State law (90-6-207, (5), MCA) requires the Coal Board to give attention “to the need for community planning before the full impact of coal development or decline is realized. Applicants should be able to show how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.”

Furthermore, pursuant to Sub-Chapter 3 of the Administrative Rules of Montana, Planning is an additional criterion the Coal Board will apply when judging applications.

1. Describe how your grant request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.
2. Describe how the proposed project is consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, comprehensive economic development plan, or any other applicable plan).
3. Is the applicant in compliance with the auditing and reporting requirements provided for in 2-7-503, MCA, and does the applicant have an established financial accounting system that the Board can reasonably ensure conforms to generally accepted accounting principles? (Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.)
4. Has the applicant satisfactorily addressed any audit findings within the last five years?

ADDITIONAL INSTRUCTIONS

1. Maps -- Each application must include a legible map showing the boundaries of the proposed project area and the locations of all proposed project activities, such as land to be acquired or public facilities to be constructed or improved.
2. Submit eight (8) copies of the Pre-Application and attachments or exhibits, plus a copy of the Pre-Application on computer disk (MS Word format).

3. Return completed applications to: Program Assistant, Montana Coal Board, Department of Commerce, 301 S Park Ave, P.O. Box 200523, Helena, MT 59620-0523, phone 406/841-2782, e-mail: lstangland@mt.gov
4. The approval of a Pre-Application for consideration as a Full Application does not express or imply Coal Board final approval of any or all of the grant request.
5. Board meetings are held quarterly. To be placed on a meeting agenda, completed pre-applications must be received the first of the month preceding the month of the meeting (e.g., quarterly meeting is scheduled in June; applications are due May 1).
6. Submit only the answers to the questions. Omit the accompanying narrative found in the instructions and the Application.

COAL IMPACT GRANT PRE-APPLICATION

COAL IMPACT GRANT PRE-APPLICATION

Department of Commerce
Montana Coal Board
301 South Park Avenue
P.O. Box 200523
Helena, MT 59620-0523

Date:

Application #

(Assigned by Coal Board staff)

Certification

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct. Furthermore, in accordance with section 90-6-205, MCA, the applicant is eligible for a Coal Impact grant and has the statutory authority to administer and make expenditures to provide for the proposed government service or facility.

Name:

Title:

Signature:

Date:

Summary Information

1. Name of applicant:
2. Type of entity:
3. Federal tax ID number (if applicable):
4. Type of project:
5. Senate and House Districts:
6. Amount of Coal Impact Grant Requested:
7. Name of project:
8. Population served by project:
9. Number of households served by project:
10. Chief elected official or authorized representative:
11. Primary entity contact person:
12. Other contact persons:
13. Current fiscal year millage rates:
 - First preceding years' millage rates:
 - Second preceding year's millage rates:
 - Third preceding year's millage rates:
14. Brief project summary (Refer to the instructions and example on page 3):

As noted in the Instructions, Coal Impact grants must be awarded on the basis of:

- (a) need;
- (b) degree of severity of impact from an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex;
- (c) availability of funds;
- (d) degree of local effort in meeting these needs; and
- (e) planning for coal impacts (See page 9 in the instructions).

Please describe the relationship of the proposed coal impact project to each of the five Coal Board statutory criteria by responding to the following questions.

A. Need

1. Does a serious deficiency exist in a basic or necessary community public facility or service, such as police, fire department or ambulance services or have serious public health or safety problems attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards? Is the problem existing and long term, as opposed to occasional and sporadic?
2. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, safety problems, hazards, or health risks?
3. Is the entire community, or a substantial percentage of the residents of the community, seriously affected or at risk by the deficiency, as opposed to a small percentage of the residents?
4. Is there clear documentation that the current condition of the public facility or service or lack of a facility or service violates a state or federal health or safety standard and/or is the project necessary to comply with a court order or a state or federal agency directive?
5. Does the standard that is being violated or potentially violated represent a significant threat or potential threat to public health or safety?

B. Degree Of Severity Of Impact From An Increase Or Decrease In Coal Development Or In The Consumption Of Coal By A Coal-Using Energy Complex.

1. Explain why the proposed project or governmental service or facilities *"are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex"*. 90-6-205, (4) (a), MCA
2. What proportion or percentage of the need for the expansion or improvement to the public facility or public service is attributable to coal-related impacts? (Refer to page 5 in the instructions for examples of responses.)
3. Why does your community qualify under this statute and how has an increase or decrease in coal development impacted your community?
4. What is the closest coal development area or closest coal-using energy complex to your community and how many miles away is it?

C. Availability of Funds

1. Amount requested from the Coal Board: \$_____
2. Explain why a coal impact grant is necessary to make the project feasible and affordable.
3. What are the other proposed funding sources for the project? (Refer to the instructions on page 5 - 6 and the example on page 7.)
4. What other sources of funds from public or private sources have been considered for this project, but not proposed. Explain why they are not being pursued or used for this project. (Refer to the instructions on page 7.)

D. Degree Of Local Effort In Meeting Needs

Some of the following questions may not apply to your project (e.g. #5). If that is the case, indicate "Not Applicable" on the application.

1. If current millage rates are lower than the average rates levied during the previous 3 years, briefly explain why they are lower.
2. Describe any local efforts to meet the public facility or public service needs by providing financial contributions to the project to the extent possible, such as:
 - (a) efforts at investigating all reasonable alternate and supplemental funding sources from other federal, state, local government or non-profit organization programs
 - (b) local funding, donations of land, absorbing some or all administrative costs, additional direct financial contributions, or other in-kind assistance to the proposed project
3. Describe past operation and maintenance budgets and practices over the long-term, including any reserves for repair and replacement.
4. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, explain the circumstances and describe the actions that management will take in the future to assure that the problem will not reoccur.
5. For water, wastewater, and solid waste projects, provide the current and projected monthly household user charges, including operation and maintenance.
 - a. Current monthly household user rate: \$
 - b. Projected user charge (including operation & maintenance when the project is complete: \$
6. What are your current debt obligations? (Refer to the instructions and the example of a completed debt summary on page 7 of the instructions.)
7. What is the level of local financial participation in the project and is that level the

maximum that the applicant can reasonably provide?

E. Planning and Management

State law (90-6-207, (5), MCA) requires the Coal Board to give attention “to the need for community planning before the full impact of coal development or decline is realized. Applicants should be able to show how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.”

Furthermore, pursuant to Sub-Chapter 3 of the Administrative Rules of Montana, Planning is an additional criterion the Coal Board will apply when judging applications.

1. Describe how your grant request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.
2. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, comprehensive economic development plan, or any other applicable plan)?
3. Is the applicant in compliance with the auditing and reporting requirements provided for in 2-7-503, MCA, and does the applicant have an established financial management system that the Board can reasonably ensure conforms to generally accepted accounting principles. (Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.)
4. Has the applicant satisfactorily addressed any audit or monitoring findings received within the last five years?

Additional Instructions

1. Maps -- Each application must include a legible map showing the boundaries of the proposed project area and the locations of all proposed project activities, such as land to be acquired or public facilities to be constructed or improved.
2. Submit eight (8) copies of the Pre-Application and attachments or exhibits, plus a copy of the Pre-Application on computer disk (MS Word format).
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6. Submit only the answers to the questions. Omit the accompanying narrative found in the instructions and the Application.